

**United States Environmental Protection Agency  
Criminal Investigation Division  
Investigative Activity Report**

**Case Number**

0506-0026

**Case Title:**

Ferguson Enterprises Inc.

**Reporting Office:**

Detroit, MI, Resident Office

**Subject of Report:**

Interview of (b)(6), (b)(7)(C), DWSD

**Activity Date:**

July 26, 2012

**Reporting Official and Date:**

(b)(6), (b)(7)(C)

Resident Agent in Charge

**Approving Official and Date:**

(b)(6), (b)(7)(C)

Special Agent in Charge

08-AUG-2012, Signed by (b)(6), (b)(7)

10-AUG-2012, Approved by (b)(6), (b)(7)

Assistant Special Agent in Charge

**SYNOPSIS**

On July 26, 2012, U.S. EPA CID Special Agent interviewed (b)(6), (b)(7)(C) Engineer of Water Systems, Detroit Water & Sewerage Department (DWSD, regarding (b)(6) oversight of a contract known as DWS 844A "Security Contract." Also present for the interview was (b)(6), (b)(7) Deputy Corporation Counsel, City of Detroit Law Department.

**DETAILS**

On July 26, 2012, U.S. EPA CID Special Agent interviewed (b)(6), (b)(7)(C) Engineer of Water Systems, Detroit Water & Sewerage Department (DWSD, regarding (b)(6) oversight of a contract known as DWS 844A "Security Contract." Also present for the interview was (b)(6), (b)(7) Deputy Corporation Counsel, City of Detroit Law Department. (b)(6), was previously interviewed by SA (b)(6), (b)(7) in this investigation and provided the following information:

(b)(6), was asked to review several documents related to the execution of DWS 844A. (b)(6), had sent these documents to SA (b)(6), (b)(7) via email after their last meeting. One of the documents was identified by (b)(6), as the change order for DWS 844A (b)(6) drafted in July of 2005 after being instructed to do so by DWSD management. (b)(6), explained that the work as detailed in this document was adding to the scope of work for DWS 844A. The five water intake plants were not included in the original contract as they were manned stations, where facilities in the DWS 844A contract were unmanned. Belle Isle was an unmanned location but was not included in the original scope of work for DWS 844A. All of the manned DWSD stations were to be addressed for security upgrades under a separate contract. (b)(6), recalled that there was talk of adding the five plants plus Belle Isle and that either KV (b)(6), (b)(7)(C) or SD (b)(6) told (b)(6) that the DWSD Security Division was requesting that these facilities be added to DWS 844A. (b)(6), was not aware that Security Division Assistant Chief (b)(6), (b)(7)(C) was opposed to the plants being added to the contract and that (b)(6) position was that the work was not needed. (b)(6), was also not aware that in the past the five water intake plants and Belle Isle had been proposed to be added to M343, which was a Detroit Contracting Inc. contract and that (b)(6), had written a memo documenting that the security systems at these facilities were adequate and not in need of improvements. (b)(6), was not the project manager for M343 but is familiar with it as (b)(6) monitored some of the work performed.

(b)(6), thought that the change order was scuttled due to "sticker shock" over the cost of the additional work which was \$25 million. This equated to a larger portion of the original contract price of DWS 844A.

The cynical side of (b)(6), thought that the change order was to steer work to a favored contractor (b)(7)

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and the engineering side of (b)(6), figured the additional work was just too big to add to DWS 844A from a practical standpoint. (b)(6), gut reaction was that (b)(6), (b)(7) pulled the right strings with the DWSD management. (b)(6), confirmed that the change order for 812 which (b) had emailed to SA (b)(6), (b)(7) was the same work which had been proposed for the July 2005 DWS 844A change order. (b)(6), (b)(7)(C) would have told (b) to add the work under 812.

(b)(6), did not have any discussions with (b)(6), (b)(7) regarding the change order for DWS 844A. It would not surprise (b)(6), if (b)(6), was upset by the change order given (b) personality.

Regarding the draft letter (b)(6), sent SA (b)(6), (b)(7) addressed to Clean Water Team in 2005, (b)(6), explained that construction under DWS 844A was well under way and DFT already had their skilled trades already identified. Clean Water Team had an existing contract known as DWS 823 "Haggerty Pump" which ran from 2003 to 2005. When asked (b)(6), explained that (b) wrote the letter to Clean Water Team after being asked to do so by (b)(6), (b)(7)(C). (b)(6), confirmed that Clean Water Team was asked to execute work that was originally under the scope of work for DWS 844A and this is reflected in the letter. This work included repairs to existing fencing and programming. (b)(6), was asked why the DWSD requested that a third party conduct work and make repairs which were contractually required under DWS 844A. (b)(6), replied that (b) did not ask why, (b) just wrote the letter as directed. (b)(6), thought that this was during a time when (b)(6), (b)(6), (b) was having (b) legal troubles and going after DFT to make them complete the work "would have been politically not viable." (b)(6), agreed with the statement that (b) did not have the leverage to go against DFT to hold them accountable for their work. (b)(6), was asked if (b) felt pressure to go along with DFT, referring to their stance on contractual issues. (b)(6), replied that DFT had the ear of "management." When asked to clarify (b)(6), stated that management was (b)(6), and (b)(6), (b)(7)(C). (b)(6), added that from (b) perspective the power and influence was (b)(6), and not (b)(6), (b)(7).

**ATTACHMENT**

ATP Security and Fire Alarm Migration  
Board Summary for WTP Perimeter Intrusion Systems  
Change Authorization for WWTP Security Systems  
DWS 844A Change Order One  
M343 Change Order for Fence Sensor Work  
Clean Water Team RFQ DWS 844A  
2005 Board Summary Memo  
(b)(6), RFQ for Security Work at WTPs  
(b)(7)